

BUDGET LETTER

	NUMBER: 11-16
SUBJECT: INITIAL PAST-YEAR SCHEDULE 10s	DATE ISSUED: July 22, 2011
REFERENCES:	SUPERSEDES: BL 10-16

TO: Departmental Budget Officers
Departmental Accounting Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

Deadlines and Deliverables

August 29, 2011	Departments submit updated initial past year Schedule 10s to the Department of Finance.
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INITIAL PAST YEAR SCHEDULE 10s

The Department of Finance (Finance) will provide each departmental Budget Officer with one copy of its 2010-11 initial past-year Schedule 10s. If departments have Capital Outlay appropriations, they will receive two packages: Capital Outlay Schedule 10s and State Operations/Local Assistance Schedule 10s. Schedule 10s are not attached to the electronic transmission of this Budget Letter (BL).

Upon receipt of the initial past year Schedule 10s, each department must determine that all expenditure authorizations were available during the 2010-11 fiscal year and have been **correctly reflected** in the Schedule 10s as follows:

1. Compare the **appropriation identification number** (organization code-reference code-fund code) and scheduled **program numbers** as shown on the Schedule 10s with the Budget Act. For non-Budget Act appropriations, compare Schedule 10s and the State Controller's records. Revise the Schedule 10s as necessary by lining through any incorrect org-ref-fund codes and program numbers and writing in the correct codes and numbers as appropriate. Departmental Budget Officers are requested to coordinate with departmental Accounting Officers to accomplish this code/number correction effort.
2. Verify the initial authorized budget act scheduled amounts per the Budget Act. Amounts shown as authorized for Budget Act items must be the **same amounts as shown in the Final Budget Summary (reflects Budget Act authorized dollars, less any Governor's vetoes or any approved technical corrections)**.
3. Verify Adjustments—any approved budget revisions, executive orders, and other adjustments applied to an appropriation during the year.
4. Verify the Revised Appropriation totals—a recap by schedule of the Initial Authorization as affected by any adjustments, and the Year of Completion (YOC) for each schedule.

For Capital Outlay projects:

1. If a contract is approved to proceed to bid, but not yet awarded, show construction dollars as a carryover.
2. When the contract is awarded, show construction dollars as expended, including all soft costs (such as inspection, project management, and other related costs), contingency, and agency retained costs necessary to complete the project. Funds not necessary for the completion of the project are considered bid savings.
3. Bid savings should generally be shown as savings. However, if either of the following apply, show funds as carryover:
 - a. The reversion of bid savings is proposed in the following fiscal year.
 - b. Bid savings are related to a lease-revenue bond funded project and the YOC has not expired.
4. Revolving fund transfers
 - a. For funds that were transferred via a Form DF-22, Public Works Board Authorization and Transfer Request, or equivalent, show dollars as expended.
 - b. For funding authority that was reserved via a Form DF-220 (bond funds), Public Works Project Authorization Bond Proceeds Funded Projects, or equivalent:
 - i. Show dollars as expended if the expenditure is shown on the year-end financial report.
 - ii. Show dollars as a carryover if the expenditure is not shown on the year-end financial report and the YOC has not expired. If the YOC has expired, show the funds as fully expended or as savings, whichever is appropriate.
5. If funding was previously shown as expended on a past year Schedule 10, no change is necessary.
6. Attach the document substantiating changes to each of the Schedule 10s with changes.

Reflect corrections to the Schedule 10s as follows:

1. Handwrite directly on the appropriate Schedule 10 any budget revisions and/or executive orders that are pending or have not been posted to date.
2. Correct any erroneous data by marking up the Schedule 10. Ensure edits are legible.
3. Complete Form DF-38, Missing Records Report, for missing appropriation records (e.g., chaptered bills). The DF-38, revised July 2011, (copy attached) is available on the Internet at <http://www.dof.ca.gov/budgeting/forms>. However, if you do not have access to the Internet, make copies of the attachment.

After verifying existing information, record actual past year expenditures by schedule and in total in the "Expenditures" column of the Revised Appropriation totals section. ***These must be the same dollar amounts reported to the State Controller on the year-end financial statements. (If other source documents other than year-end financial statements are being used by departments, these source documents must be approved by your Finance budget analyst prior to submittal of past year Schedule 10s.)*** These amounts will be shown in the Governor's Budget as past year actual expenditures. Please note that for budgeting purposes, encumbrances are displayed on

individual department's Schedule 10s as expenditures. All savings must be reflected **by schedule** in the "Savings" column of the Revised Appropriation totals section.

After all revisions have been posted, the **originals** of the completed initial past year Schedule 10s must be submitted to the appropriate Finance budget analyst. Departments are encouraged to keep a copy for their records.

In addition, departments must submit documentation to their Finance budget analyst to verify past year actual expenditures. CALSTARS departments must submit their CSTARB06 report and non CALSTARS departments must submit their Final Budget Report (Year-end report 6).

CALSTARS departments may also use the CSTARN10 "Prior Year Actual Schedule 10 Summary Worksheet" to reconcile the Finance initial past year Schedule 10s. This CSTARN10 report may be submitted as **an attachment to** these past year Schedule 10s in place of the CSTARB06 report for expenditure verification.

PLEASE NOTE: Initial past year Schedule 10s are due to Finance **no later than August 29, 2011** for all departments (regardless of funding sources). See the schedule in BL 11-10, "2012-13 Budget Preparation Guidelines," for submitting year-end financial statements to the State Controller's Office.

Upon receipt from departments, Finance analysts will review the Schedule 10s immediately and forward them to Financial Operations (FO) on a flow basis.

Upon receipt of the completed past year Schedule 10s, FO will update the budget system, print updated past year Schedule 10s (reflecting previously reported and approved corrections, adjustments, and expenditures), as well as the current and budget year Schedule 10s. These initial 3-Year Schedule 10s will then be forwarded to the appropriate Finance budget analyst for distribution to the department for use in preparing the 2012-13 Governor's Budget.

NOTE: Current and budget year Schedule 10s will not be generated and forwarded to departments until the completed past year Schedule 10s and BR-1 (for departments that back out payables) have been submitted to and processed by FO.

SCHEDULE 10Rs

Schedule 10Rs (for reporting revenues, transfers, and loans) will be provided at a later date with separate instructions.

QUESTIONS

If you have any questions, please call your Finance budget analyst.

/s/ Veronica Chung-Ng

Veronica Chung-Ng
Program Budget Manager

Attachment

STATE OF CALIFORNIA
SCHEDULE 10—MISSING RECORD REPORT
DF-38 (REV 7/11)

Department of Finance
915 - L Street
Sacramento, CA 95814
IMS Mail Code: A-15

Please use whole dollars.

FISCAL YEAR		SPECIAL NOTE			
DEPARTMENT			FUND		
ITEM NUMBER		YEAR OF APPROPRIATION	ITEM TITLE		
DOF CODE	CHARACTER—Select one <input type="checkbox"/> 1 State Operations <input type="checkbox"/> 2 Local Assistance <input type="checkbox"/> 3 Capital Outlay <input type="checkbox"/> 4 Unclassified		PROP 98—Select one <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Z		PROP 98 POT STATE MANDATES <input type="checkbox"/> YES <input type="checkbox"/> NO

TYPE OF APPROPRIATION—Select one

- | | | |
|--|---|---|
| <input type="checkbox"/> 1-0 Budget Act Item | <input type="checkbox"/> 2-2 Financial Legislation Loan (Non-Add) | <input type="checkbox"/> 3-7 Carryover Transfer (Non-Add) |
| <input type="checkbox"/> 1-2 Budget Act Loan (Non-Add) | <input type="checkbox"/> 2-5 Financial Legislation Expenditure Transfer | <input type="checkbox"/> 4-0 Reappropriation |
| <input type="checkbox"/> 1-5 Budget Act Expenditure Transfer | <input type="checkbox"/> 2-7 Financial Legislation Transfer (Non-Add) | <input type="checkbox"/> 5-0 Statutory (continuous) Appropriation |
| <input type="checkbox"/> 1-7 Budget Act Transfer (Non-Add) | <input type="checkbox"/> 3-0 Carryover | <input type="checkbox"/> Other |
| <input type="checkbox"/> 2-0 Financial Legislation Appropriation | <input type="checkbox"/> 3-2 Carryover Loan (Non-Add) | |

SCHEDULE NUMBER	SCHEDULE NAME (Program, category or project title.)	YOC*	AUTHORIZED	EXPENDITURES	SAVINGS	CARRYOVERS

*YOC = Year of Completion